

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EA-07 EUR-12 NEA-10 IO-10 ISO-00

FEA-01 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06

PRS-01 SP-02 OMB-01 XMB-02 OPIC-03 /137 W

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FM USDEL MTN GENEVA

TO SECSTATE WASHDC 706

INFO USMISSION EC BRUSSELS

AMEMBASSY BRASILIA

AMEMBASSY MEXICO

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EO: 11652: N/A

TAGS: ETRD GATT

SUBJ: NTM SUBGROUP ON QR'S AND IMPORT LICENSING PROCEDURES:
OCTOBER 28-31

REF: MTN GENEVA 8229

BEGIN SUMMARY: NTM SUBGROUP ON QR'S AND IMPORT LICENSING PROCEDURES MET OCTOBER 28-31 BUT DID NOT REACH FORMAL CONCLUSION BECAUSE OF CONTINUED AGRICULTURAL IMPASSE (REFTEL). QR PORTION OF MEETING FOCUSED ON STATUS REPORTS OF CONSULTATIONS NOW IN PROGRESS, FUTURE PROCEDURES FOR CONSULTATIONS, AND LDC PROPOSALS FOR SPECIAL LIMITED OFFICIAL USE

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AND DIFFERENTIATED TREATMENT. LICENSING PORTION OF MEETING DIS-

JOINTED WITH NO AGREEMENT ON ALTERATIONS TO DRAFT TEXTS ON LECENSING PROCEDURES. END SUMMARY.

2. NTM SUBGROUP ON QR'S AND IMPORT LECENSING PROCEDURES MET OCTOBER 28-31. CHADHA (INDIA) PRESIDED AS CHAIRMAN AND UNCTAD OBSERVER INVITED. MEETING WELL-ATTENDED WITH ACTIVE LDC PARTICIPATION.

3. IN OPENING STATEMENT, U.S. (NEWKIRK) STATED THAT WHILE CONSULTATIONS PROCEEDING MORE SLOWLY THAN DESIRED, THEY HAVE PROVED TO BE VERY USEFUL AND SHOULD CONTINUE UNTIL ALL REQUESTED CONSULTATIONS HAVE TAKEN PLACE. U.S. ALSO STATED THAT IT IS PREMATURE TO ELABORATE ON SUBGROUP FUTURE WORK PROGRAM UNTIL RESULTS OF CONSULTATIONS ARE SUBMITTED AND REVIEWED. THIS REVIEW WOULD BEST BE FACILITATED BY WRITTEN REPORTING PROCEDURES PROPOSED BY U.S. (MTN/NTM/W/28) RATHER THAN ORAL REPORTS PROCEDURE PROPOSED BY GATT SECRETARIAT (MTN/NTM/W/21). U.S. VIEW GENERALLY SUPPORTED BUT EC (ABBOTT) AND JAPAN (TERADA) PREFERRED PROCEDURES TO BE AS INFORMAL AS POSSIBLE. AUSTRALIA AND SWITZERLAND STATED IT IS PREMATURE TO ADOPT REPORTING PROCEDURES WITHOUT RESOLUTION OF AGRICULTURE PROBLEM. CANADA ALSO REITERATED VIEW THAT REQUEST AND OFFER PROCEDURES OUTLINED IN MTN/NTM/W/6 ARE ONLY PRACTICAL APPROACH TO QR ISSUE.

4. STATUS REPORTS: FOLLOWING IS PRESENT STATUS OF CONSULTATIONS REPORTED AT MEETING:

	NOTIFIED AGAINST FOLLOWING NUMBER OF COUNTRIES	NOTIFIED BY FOLLOWING NUMBER OF COUNTRIES	SCHEDULED NUMBER CONSULTATIONS HELD
1. ASEAN	30	1	1
2. AUSTRIA	0	11	NONE
3. AUSTRALIA	10	7	2 OUT OF 14
4. CANADA	11	DID NOT SAY	1
5. COLOMBIA	DID NOT SAY	1	2
6. EC	6	18	10 OUT OF 18
7. HONG KONG	5	DID NOT SAY	4 OUT OF 5
8. INDIA	10	DID NOT SAY	DID NOT SAY
9. JAPAN	6	20	1
10. KOREA	10	DID NOT SAY	0
11. POLAND	9	DID NOT SAY	DID NOT SAY

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12. ROMANIA	15	DID NOT SAY	11 OUT OF 15
13. SPAIN	0	4	0
14. SWITZERLAND	DID NOT SAY	11	0
15. UNITED STATES	35	15	8
16. URUGUAY	9	DID NOT SAY	1 OUT OF 9
17. VENEZUELA	0	1	0

AT CONCLUSION OF STATUS REPORT BULK OF DELEGATIONS STATED THEY

WERE DISSATISFIED WITH SLOW PACE AND URGED SPEED-UP IN CONSULTATIONS PROCESS.

5. SCOPE OF CONSULTATIONS. MUCH OF DISCUSSION IN MEETING FOCUSED ON DISAGREEMENT ON INCLUSION OR EXCLUSION OF QRS ON AGRICULTURAL AND TEXTILE PRODUCTS. LDCS GENERALLY CHIEDED DEVELOPING COUNTRIES FOR EXCLUDING AGRICULTURAL AND TEXTILE PRODUCTS WHILE ARGENTINE AND NORDICS (FINNISH REP) CONTENTED THAT QRS MAINTAINED FOR BALANCE OF PAYMENT PURPOSES, AND ALREADY REVIEWED BY GATT BOP COMMITTEE, SHOULD NOT BE INCLUDED. NORDICS AND AUSTRALIA STATED THAT QRS MAINTAINED IN ACCORDANCE WITH ARTICLE XIX SHOULD BE DEALT WITH UNDER PROCEDURES OF THAT ARTICLE. U.S. STATED THAT WE DO NOT EXCLUDE ANY QR FROM CONSULTATIONS, BUT THE MFA IS PREFERABLE FORUM FOR DISCUSSION OF TEXTILE QRS. EC REITERATED THAT QRS UNDER MFA AND DISCRIMINATORY QRS DEALT WITH IN PROTOCOLS OF ACCESSION SHOULD BE DISCUSSED IN RELATED FORUMS, BUT BOP MEASURES AND EXPORT RESTRICTIONS SHOULD BE COVERED BY QR SUBGROUP CONSULTATIONS.

6. DIFFERENTIATED TREATMENT FOR LDCS. BRAZIL REITERATED VIEW EXPRESSED IN NTM PARENT GROUP MEETING THAT CONSULTATIONS WOULD NOT SERVE USEFUL PURPOSE UNLESS QR SUBGROUP ADOPTED SPECIAL PROCEDURES FOR DIFFERENTIATED TREATMENT OF DEVELOPING COUNTRIES AS STATED IN TOKYO DECLARATION. AS ALREADY NOTED IN COM/TD/W88 AND MTN/3B/18, SPECIAL PROCEDURES SHOULD INCLUDE: A) GENERAL OR MULTILATERAL MEASURES TO FACILITATE THE IMMEDIATE REMOVAL OF QRS ON NON-RECIPROCAL BASIS, B) LISTS DRAWN UP BY DEVELOPING COUNTRIES INDICATING SPECIFIC QRS THEY WISH TO HAVE ELIMINATED, C) EXCEPTIONS LISTS DRAWN UP BY DEVELOPED COUNTRIES INDICATING SPECIFIC QR WHICH WOULD BE PHASED OUT ON SLOWER BASIS AND D) NEGOTIATIONS OF SPECIFIC QR BASED ON THESE TWO LISTS.

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7. MEXICO PROPOSED COMPLEMENTARY MULTILATERAL PROCEDURES FOR QRS OF INTEREST TO DEVELOPING COUNTRIES INCLUDING A) UPDATE OF QR CATALOG SUBMITTED UNDER THIS GROUP; B) ESTABLISHMENT OF MECHANISM FOR COMPARISON OF INFORMATION ON THE BASIS OF QR NOTIFICATIONS; C) PREPARATION OF QR REQUEST LIST SUBMITTED TO DEVELOPED COUNTRIES FOR WHICH PRIORITY ATTENTION WOULD BE GIVEN, D) SPECIAL PROCEDURES FOR EXCEPTIONS OF DEVELOPED COUNTRIES' IMPORT SENSITIVE ITEMS, AND E) AS A LAST STEP, REQUESTS BY DEVELOPED COUNTRIES FOR POSSIBLE LDC CONCESSIONS. PROPOSALS SUPPORTED BY ASEAN COUNTRIES, ARGENTINA, BOLIVIA, COLOMBIA, INDIA, NIGERIA, ROMANIA, URUGUAY, VENEZUELA, YUGOSLAVIA.

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8. IN PRELIMINARY RESPONSE TO BRAZIL AND MEXICO EC STATED THAT SUCH PROPOSALS FOR PREFERENTIAL TREATMENT CONFLICT WITH ARTICLE XIII OF GATT, THAT ARTICLES XI AND XIX OF GATT EXIST TO PROVIDE PROTECTION IN CLEARLY DEFINED CIRCUMSTANCES, AND THAT DEVELOPING COUNTRIES CANNOT BE EXEMPTED AS GENERAL RULE FROM GATT OBLIGATIONS. EC ADDED THAT MEASURES FOR DIFFERENTIAL TREATMENT MUST BE WORKED OUT ON CASE-BY-CASE BASIS.

9. U.S. REITERATED WILLINGNESS TO CONSIDER QRS OF INTEREST TO LDCS ON PRIORITY BASIS, AND NOTED WITH DISAPPOINTMENT THAT CERTAIN DELEGATIONS (BRAZIL) ARE NOT PREPARED TO ENTER INTO CONSULTATIONS. WE STATED THAT COMPLETION OF THESE CONSULTATIONS ESSENTIAL TO GATHER INFORMATION NEEDED TO EXAMINE AND DECIDE ON WHAT NEXT STEPS COULD BE TAKEN IN QR NEGOTIATIONS INCLUDING SUCH MULTILATERAL PROPOSALS AS THOSE ADVANCED BY BRAZIL AND MEXICO. LDCS DID NOT RESPOND.

10. NORMATIVE REFORM. BRAZIL (MEDEIROS) ALSO PROPOSED SEPARATE

AGENDA ITEM FOR NEXT MEETING TO "INITIATE REFLECTION ON WAYS AND MEANS TO REVISE EXISTING GATT RULES ON QRS," WITH EMPHASIS ON EXTENSION TO LDCs OF PREFERENTIAL TREATMENT, AND PROTECTION OF CONCESSIONS TO LDC FROM SUBSEQUENT IMPAIRMENT. SPECIFIC ATTENTION NEEDED TO ARTICLES XI, XII, XVII, XVIII, AND ALSO VIII AND XIII ON LICENSING. SUBGROUP WOULD ALSO NEED TO ADJUST ITS EFFORT IN LIGHT OF WORK IN SAFEGUARDS GROUP. MEXICO SUPPORTED BRAZILIAN PROPOSAL, WHICH OTHERWISE NOT DISCUSSED.

11. CONSENSUS AT END OF QR DISCUSSION WAS THAT NO FURTHER DECISIONS POSSIBLE UNTIL CONSULTATIONS COMPLETED.

12. IMPORT LICENSING PROCEDURES. SUBGROUP CONTINUED DISCUSSION OF IMPORT LICENSING PROCEDURES BASED ON TWO DRAFT TEXTS ON PAGES 15-19 OF MTN/NTM/W/2 AND COMMENTS SUBMITTED TO THE GATT SECRETARIAT PROPOSING ALTERNATIVES TO THOSE DRAFT TEXTS. AUSTRIA, COLOMBIA, HONG KONG, YUGOSLAVIA, SOUTH AFRICA AND U.S. PROPOSED SPECIFIC CHANGES OUTLINED IN MTN/NTM/W/11 AND ADDENDA 1-6. AUSTRALIA, BRAZIL, MEXICO, NORDICS AND SPAIN ALSO COMMENTED BRIEFLY ON PROPOSED CHANGES TO THE DRAFT TEXTS AND INDICATED THEY WOULD SUBMIT WRITTEN SUGGESTIONS FOR SPECIFIC ALTERATIONS TO THE SECRETARIAT.

13. U.S. REITERATED VIEW THAT AUTOMATIC LICENSING SYSTEMS ARE LIMITED OFFICIAL USE

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UNNECESSARY AND OFTEN USED TO RESTRICT TRADE. SUCH SYSTEMS SHOULD BE ELIMINATED THROUGH AGREEMENT ON DRAFT TEXT (ALTERNATIVE II, PARA 2, ANNEX I, APPENDIX 2, MTN/NTM/W/2.) YUGOSLAVIA, BRAZIL, MEXICO ALSO SUPPORTED ALTERNATIVE II AS REVISED BY YUGOSLAVIA IN MTN/NTM/W/11. ALTERNATIVE I OF SAME PARAGRAPH FAVORED BY AUSTRIA, EC, ISRAEL, JAPAN, NORDICS, SPAIN AND SWITZERLAND. AUSTRALIA AND CANADA REITERATED VIEW THAT AUTOMATIC LICENSING SYSTEMS MIGHT BE USED IN CERTAIN CASES AS ALTERNATIVE TO RESTRICTIVE IMPORT CONTROLS. U.S. ALSO PROPOSED SUGGESTED CHANGES LISTED IN MTN/NTM/W/11, ADD. 5.

14. IN MIDST OF APPARENT CONFUSION ON SCOPE OF LICENSING SYSTEMS COVERED BY THE DRAFT TEXTS, U.S. EXPLAINED DISTINCTION AMONG DISCRETIONARY LICENSING WHICH USED TO RESTRICT IMPORTS AND AS SUCH IS A QR, AUTOMATIC LICENSING PROCEDURES, AND IMPORT LICENSING PROCEDURES WHICH ARE MEANT TO BE PURELY ADMINISTRATIVE IN NATURE. WITH REGARD TO LICENSING TO ADMINISTER IMPORT RESTRICTIONS U.S. NOTED THAT PROBLEMS ENCOUNTERED BY U.S. GENERALLY RELATE TO IMPORT RESTRICTIONS THEMSELVES RATHER THAN ADMINISTRATIVE PROCEDURES MAINTAINED TO IMPLEMENT THOSE RESTRICTIONS, AND REQUESTED OTHER DELEGATIONS WHO ENCOUNTER PROBLEMS OF AN ADMINISTRATIVE NATURE TO ELABORATE ON THEM.

15. ALTHOUGH U.S./EC DISAGREEMENT OVER AGRICULTURE HANDLED IN LOW-KEY MANNER DURING OPEN MEETING, RESTRICTED DRAFTING GROUP AT-

TEMPT TO DEVELOP CHAIRMAN'S SUMMING UP OF MEETING QUICKLY BROKE DOWN ALONG PREDICTABLE LINES (REFTEL). GROUP WILL MEET AGAIN THURSDAY, NOVEMBER 6, TO AGAIN ATTEMPT TO AGREE ON SUMMING UP FOR THIS MEETING AND DATE FOR NEXT MEETING OF QR SUBGROUP 16. IN SPITE OF AGRICULTURAL PROBLEM, AGREEMENT TENTATIVELY REACHED ON AGENDA FOR NEXT MEETING. THE SUBGROUP AGREED THAT IT SHOULD BE IN A POSITION TO REVIEW THE RESULTS OF THE CONSULTATIONS. TO FACILITATE REVIEW, IT WAS AGREED THAT DELEGATIONS SHOULD SUBMIT TO SECRETARIAT BEFORE THE NEXT MEETING SUMMARY NOTES ON CONSULTATIONS. REPORTS CAN COME FROM BOTH OR EITHER PARTY TO CONSULTATIONS. THE SUBGROUP WILL ALSO REVERT TO THE VARIOUS PROPOSALS ON REPORTING PROCEDURES, REQUEST AND OFFER PROCEDURES, AND PROCEDURES ON DIFFERENTIATED TREATMENT TO DEVELOPING COUNTRIES. CONTINUATION OF LICENSING DISCUSSION WILL ALSO BE ON AGENDA FOR NEXT MEETING. SECRETARIAT WILL PREPARE NOTE SETTING OUT SYSTEMATICALLY ALL COMMENTS MADE ON LICENSING TEXTS AND INCLUDE ANY SUBMISSIONS FROM LIMITED OFFICIAL USE

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PARTICIPANTS ON PROBLEMS ENCOUNTERED WITH AUTOMATIC LICENSING AND LICENSING TO ADMINISTER IMPORT RESTRICTIONS.WALKER

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